

Message Text

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61

ACTION EA-14

INFO OCT-01 ADP-00 DPW-01 CIAE-00 DODE-00 PM-07 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 RSR-01 /081 W

----- 036290

P R 231140 Z JUN 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC PRIORITY 3622

INFO AMEMBASSY PHNOM PENH

AMEMBASSY BANGKOK

AMEMBASSY VIENTIANE

AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 1 OF 2 SAIGON 11301

JOINT EMBASSY/ USAID MESSAGE

E. O. 11652: N/ A DECLASS 12/31/73

TAGS: EAGR, VS

SUBJECT: RICE SITREP FOR MAY 1973

REF: A. SAIGON 6495 B. SAIGON 9577

C. STATE 114025 D. SEOUL 3964

1. SUMMARY. ALLOWING FOR TIMING OF IMPORT ARRIVALS AND OFFSETTING DELTA DELIVERY/ APPARENT CONSUMPTION FIGURES, STOCK PROJECTIONS CONTINUE TO BE JUST ABOUT AS EXPECTED. HOWEVER, NON- AVAILABILITY OF FURTHER REGULAR IMPORTS AS PROJECTED FOR AFTER JULY MAKES IT IMPERATIVE THAT 46,580 MT BE SUCCESSFULLY DIVERTED KOREA TO VIET NAM. DATE WHEN RESUMPTION OF REGULAR PL-480 IMPORT ARRIVALS FROM NEW US CROP CAN BEGIN IS OF CRITICAL IMPORTANCE TO STOCK SITUATION. MEANWHILE, GVN CONTINUES TO EXPAND MEASURES DESIGNED TO REDUCE ISSUANCES FROM GSA STOCKS AND PLACE MAXIMUM PRESSURE ON FREE MARKET SALES OF DOMESTIC RICE. END OF SUMMARY.

2. END MAY SAIGON/ GVN STOCKS (1,000 MT)

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SAIGON IMPORTED	59.4
SAIGON DOMESTIC	2.6
SAIGON PRIVATE	14.9
DEFICIT PROVINCES	40.3
TOTAL	117.3

3. APPARENT MAY CONSUMPTION (1,000 MT)

END APRIL STOCKS	134.0
DELTA DELIVERIES	37.4
IMPORT#	7.4
TOTAL AVAILABLE	178.8
MINUS END MAY STOCKS	117.3
EQUALS APPARENT CONSUMPTION	61.5

PA45-734

4. ALLOWING FOR ADJUSTMENTS IN TIMING OF SCHEDULED IMPORT ARRIVALS, END- OF- MAY STOCKS ARE JUST ABOUT AS PROJECTED IN REF. A. DELTA DELIVERIES WERE REPORTED SOME 7600 MT LOWER THAN WE HAD PROJECTED, BUT ONCE AGAIN THIS WAS LARGELY OFFSET BY AN APPARENT CONSUMPTION FIGURE SOME 6500 MT LOWER THAN PROJECTED. ONE POSSIBLE REASON FOR THIS PHENOMENON OF RECENT MONTHS IS THE INCREASINGLY LARGE ROLE IN THE MARKET PLACE PLAYED BY PRIVATE MERCHANTS, ESPECIALLY IN GVN. DELTA DELIVERIES FOR JUNE TOTALLED 20,500 MT AS OF JUNE 17. CLOSE TO OR SLIGHTLY IN EXCESS OF 40,000 MT ARE EXPECTED FOR THE WHOLE MONTH.

5. STOCK PROJECTIONS SUBMITTED REF A INDICATED NEED FOR MINIMUM 30,000 MT IMPORTS ADDITIONAL TO THOSE ALREADY SCHEDULED TO ARRIVE BEFORE END OF OCTOBER AND FOR LARGE ARRIVALS IN NOVEMBER AND DECEMBER TO TOTAL 375,000 MT FOR CY 73. REF B REEMPHASIZED THIS. IN LIGHT OF DECEMBER 1 EARLIEST EXPECTED ARRIVAL DATE FOR RICE FROM NEW US CROP AND FACT THAT 11,000 MT OF PA 45-746 REMAIN UNTENDERED, ALL 46,580 MT INTENDED FOR KOREA TO VIET NAM DIVERSION DISCUSSED IN REF D BECOME CRITICAL TO US AS SEEN IN THE FOLLOWING STOCK PROJECTIONS:

I. ASSUMPTIONS

A. 72,000 MT IMPORTS IN JUNE AND JULY (244,500 MT TOTAL JANUARY TO JULY), THEN 00 UNTIL DECEMBER.

B. DELTA DELIVERIES OF 235,000 MT FROM JUNE THROUGH DECEMBER.

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C. MONTHLY CONSUMPTION OF 68,000 MT.

	JUN	JUL	AUG	SEP	OCT	NOV	DEC
BEGIN STOCK	117	151	143	105	62	24	
DELTA DELIVERIES	45	45	30	25	30	30	30
IMPORTS	57	15	0	0	0	0	0

TOTAL AVAILABLE	219	211	173	130	92	54
DISAPPERANCE	68	68	68	68	68	68
END STOCK	151	143	105	62	24	-14

II. ASSUMPTIONS

A. SAME AS IN I EXCEPT:

1. ADDITIONAL ARRIVAL OF 46,580 MT IMPORTS DIVERTED
KOREA TO VIET NAM.

E. 84,000 MT ADDITONAL IMPORTS IN DECEMBER TO REACH
TOTAL OF 375,000 MT FOR CY 73. THIS INCLUDES
DIVERTED RICE.

	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
BEGIN STOCK	117	151	143	125	108	70	32
DELTA DELIVERIES	45	45	30	25	30	30	30
IMPORTS	57	15	20	26	0	0	84
TOTAL AVAILABLE	219	211	193	176	138	100	146
DISAPPEARANCE	68	68	68	68	68	68	68
END STOCK	151	143	125	108	70	32	78

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INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 RSR-01 AGR-20 EB-11 AID-20 IGA-02 COME-00

TRSE-00 OMB-01 /135 W

----- 035091

P R 231140 Z JUN 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC PRIORITY 3623

INFO AMEMBASSY PHNOM PENH

AMEMBASSY BANGKOK

AMEMBASSY VIENTIANE

AMEMBASSY TOKYO

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6. STOCK PROJECTION I ASSUMES THE 11,000 MT REMAINING UNTEND-

ERED FROM PA 45-746 WILL NOT BE OBTAINED AND THAT NO FURTHER ARRIVALS WILL COME UNTIL DECEMBER. NO COMMENT NEED BE MADE ON THE OBVIOUS SERIOUSNESS OF SUCH A POSSIBILITY OTHER THAN TO CITE THE MINUS FIGURE FOR NOVEMBER. STOCK PROJECTION II ALSO ASSUMES THE LOSS FOR NOW OF THE 11,000 MT, BUT INCLUDES THE 46,580 MT TO BE DIVERTED FROM KOREA TO VIET NAM. IT MAKES NO ALLOWANCE FOR DIVERSION OF RICE VIET NAM TO CAMBODIA. IN VIEW OF ALL THE ABOVE AND LIKELIHOOD THAT GVN WILL BE ASKED TO DIVERT RICE TO GKR, FURTHER EVALUATION OF THE DECEMBER 1 EARLIEST ARRIVAL DATE NEW US RICE WOULD BE MOST HELPFUL.

7. GVN CONTINUES TO SEEK WAYS TO CONSERVE STOCKS. ISSUANCES FROM GSA STOCKS IN MAY WERE 26,500 MT AS COMPARED TO 1972 AVERAGE MONTHLY ISSUANCES BETWEEN 32,000 AND 35,000 MT. NEARLY ALL MILITARY PERSONNEL ARE RECEIVING A CASH ALLOWANCE OF 1700 PIASTERS A MONTH IN PLACE OF 21 KILOS OF RICE. STRENUOUS EFFORTS ARE BEING MADE TO WORK OUT A SIMILAR CASH ALLOTMENT SYSTEM FOR REFUGEES.

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8. GVN CONTRACT PURCHASE EFFORTS WHICH BEGAN SO QUICKLY STOPPED AT 49,600 MT BECAUSE OF MERCHANT FEARS THAT THE OFFERING PRICE WAS QUICKLY BEING OVERTAKEN BY MARKET PRICES.

9. PRICES

A. DELTA PADDY AT THE MILL (WEIGHTED AVERAGE PER 100 KILOS)

	JAN 1	FEB 1	MAR 1	APR 1	MAY 1	JUN 1
HIGH QUALITY	6176	5366	6110	6055	5981	6033
MED. QUALITY	5154	4670	5088	5586	5413	5605

B. SAIGON WHOLESALE RICE PRICES (100 KILOS)

	MAR 12	MAR 28	APR 20	MAY 10	MAY 28	JUN 11
NANG HUONG	12300	12700	12400	12300	12600	13300
SOC NAU	8400	8830	8800	8900	9100	9420
NO.1,25 PERCENT						
BROKENS	7900	8450	8300	8300	8460	8900
IR-8	7700	8050	7900	7800	8000	8300

C. SAIGON RETAIL RICE PRICES (100 KILOS)

	MAR 12	APR 2	APR 30	MAY 28	JUN 4	JUN 18
NANG HUONG	13200	13500	13500	13800	14000	14300
SOC NAU	9200	9700	9700	10100	10200	10500
NO. 1,25 PERCENT						
BROKENS	8400	9000	8800	9200	9200	9500
US MEDIUM	9100	9200	9600	10000	10000	10500
US LONG	10500	10600	11100	11300	11500	12000

10. PADDY PRICES ROSE MODESTLY DURING MAY, BUT ARE REPORTED AS RISING SHARPLY IN JUNE UNDER HEAVY PRESSURE OF MERCHANTS PURCHASES TO FILL CONTRACTS WITH THE GVN AND ADDITIONAL MERCHANT PRESURE FROM GVN MERCHANTS AS WELL AS IN GENERAL ANTICIPATION OF

PRICE RISES DUE TO THE VALUE ADDED TAX CURRENTLY SCHEDULEBUTONEJDE
EFFECT JULY 1. PRICES ARE LIKELY TO CONTINUE TO RISE IN THE SHORT
TERM AND STAY HIGH UNTIL THE EARLY HARVEST AT LEAST. SAIGON WHOLE-
SALE AND RETAIL PRICES INCREASED ONLY MODESTLY DURING MAY, BUT
FOR THE SAME REASONS CITED ABOVE, HAVE BEEN RISING SHARPLY IN JUNE.
IT IS LIKELY THAT THE OFFICIAL SELLING PRICE FOR US RICE WILL
SHORTLY HAVE TO BE RAISED AGAIN. DECONTROL 12/31/73.
WHITEHOUSE

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*** Current Classification *** LIMITED OFFICIAL USE

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